THE MOLSON COMPANIES

1979
ANNUAL
REPORT

Contents

Annual meeting

The annual and special general meeting of the shareholders will be held in the Salon Viger at Le Chateau Champlain, Montreal, Quebec, on June 27, 1979 at 11:30 a.m. EDT.

French copy

Si vous desirez recevoir ce rapport en français veuillez vous adresser au Secrétaire, case postale 1600, Place d'Armes, Montréal (Québec) H2Y 3L3.

The Molson Companies Limited is a diversified Canadian company employing over 12,000 people in more than 250 Canadian communities and 32 other countries. One of Canada's oldest companies, the Molson organization comprises the following businesses:

Brewing: The 25 national and regional brands of Molson Breweries of Canada Limited are brewed in ten Canadian breweries and distributed across Canada, to 22 U.S. states and to several other countries;

Retail Merchandising: Beaver Lumber Company Limited operates or franchises 256 stores from Quebec to British Columbia, serving the lumber, building materials and related hardgoods needs of the do-it-yourself consumer and commercial building trade;

Specialty Chemicals: The Diversey Corporation markets over 1,000 specialty chemical products to the institutional, food and beverage, metal working and transportation industries worldwide;

Office and Education Products: Willson Office Specialty Ltd., and its divisions, manufacture and sell office supplies, office and school furniture, and educational aids through a network of retail and commercial outlets across Canada;

Distribution: Seaway/Midwest Ltd., Canada's largest public warehousing and distribution company, operates over two million square feet of warehousing space in eight Canadian cities.

The Molson Companies Limited

Financial Highlights

March 31	**1979**	1978
Operations (millions of $)		
Sales and revenues	**$1,196.8**	$951.9
Net earnings—before extraordinary items	**44.0**	30.9
—after extraordinary items	**44.0**	33.0
Per Share		
Net earnings—before extraordinary items	**$ 3.20**	$ 2.25
—after extraordinary items	**3.20**	2.41
Dividends	**1.056**	.888
Financial position (millions of $)		
Working capital	**$ 97.2**	$119.1
Total assets	**630.1**	462.4
Long-term debt	**113.0**	88.0
Shareholders' equity	**237.8**	204.3
Return on shareholders' equity (average)	**19.9%**	15.9%

Directors' report to the shareholders

"... the 1979 fiscal year was one of record levels of sales and earnings, solid growth for our major businesses and significant progress toward the attainment of corporate strategic objectives."

It is a pleasure to be able to report that the 1979 fiscal year of the Company was one of record levels of sales and earnings, solid growth for our major businesses and significant progress toward the attainment of corporate strategic objectives.

Financial highlights for the year ended March 31, 1979, include:

- a sales and revenue increase of 25% from $951 million to $1.196 billion;
- an earnings growth from $30.9 million to $44.0 million (before extraordinary items);
- an increase in earnings per share from $2.25 to $3.20 (before extraordinary items);
- an increase in the quarterly dividend rate from 22.8¢ per share to 30¢ per share;
- an increase in return on shareholders' equity from 15.9% to 19.9%.

Major strategic achievements were:

- the Company's entry into the Specialty Chemical industry with the acquisition of The Diversey Corporation;
- the divestment of several of our smaller business units which has had the effect of reducing the manufacturing component of our operations and strengthening our marketing and distribution orientation.

Results for the current year include the operations of Diversey and Le Club de Hockey Canadien from the effective dates of their acquisition.

Operating highlights

Our Brewing business achieved a 3.5% volume increase in Canada despite a decline of 2.6% in industry volume. It should be noted, however, that the industry decline reflects labour stoppages in Western Canada and that these stoppages had a relatively greater effect on our competitors. Total Brewing sales volume, including much higher export sales, rose 7.2% to 6.9 million barrels or 7.8 million hectolitres.

The Retail Merchandising Group experienced an overall gain in sales and revenues of 10.4% to $294 million, reflecting a 14.5% increase at the retail level, offset by a decline in the sale of manufactured homes and the disposal of a wholesale hardware business. Beaver's earnings were substantially higher than those of any previous year.

Sales and earnings of The Diversey Corporation for the ten months since our June 1, 1978 acquisition of this worldwide specialty chemicals business were higher than anticipated and contributed substantially to our overall growth.

Our "other" business category includes both continuing and divested operations. The continuing businesses, comprising Willson Office Specialty, Seaway/Midwest, and the remaining offshore operations of Bennett Pump recorded modest sales gains in the aggregate. Businesses divested, on the other

hand, contributed lower sales than last year due to their inclusion for only part of the year in each case. However, largely due to the improvement in Bennett Pump's operating results prior to its divestment, earnings of this group of businesses recovered substantially from last year's depressed level.

A more detailed discussion of our various businesses will be found in the Operating Review section of this report, beginning on page 5.

Segmented earnings information, including comparative sales, earnings and return on capital employed based on net book values, for our major business classifications, is provided on pages 18 and 19. This section also shows capital employed at estimated replacement values.

Dividends

The quarterly dividend paid on January 1, 1979, was increased from 22.8¢ per share to 30¢ per share, to more properly reflect the current level of earnings.

As the result of amendments to the Income Tax Act which terminated tax-deferred cash dividends effective December 31, 1978, the Board, at its February 1979 meeting, instituted an optional stock dividend plan, through which shareholders may elect to receive dividends in the form of Class 'A' shares rather than in cash. The plan appears to have been well-received by shareholders and the first such stock dividends were issued on April 1, 1979.

Capital spending

During the 1979 fiscal year, $40.8 million was spent on capital projects, compared with $28.5 million last year. Much of the $12.3 million increase relates to the spending of Diversey, which is included in the consolidated statements for the first time. Brewing capital spending totalled $22.2 million, principally for capacity expansion at several locations, and Retail Merchandising spending of $5.2 million covered the opening of two new Home Centres and expansion or renovation of a number of existing stores.

During the current fiscal year, we expect capital spending to increase significantly to $57 million, the largest part of which will be devoted to brewing capacity expansion projects.

Corporate growth strategy

The 1979 fiscal year witnessed several important developments in the pursuit of our strategic objectives including the completion of four acquisitions and the sale of several smaller businesses. The acquisition, early in the year of The Diversey Corporation, headquartered in Chicago, Illinois, launched us in a significant new business direction. In July, we acquired Le Club de Hockey Canadien Inc., one of the most successful sports franchises in Canada, to reinforce our position as sponsors of hockey broadcasting. Later in the year, the business of Wheatley & Wilson, Ltd., a well established office supplies business in Montreal was purchased to complement the operations of Willson Office Specialty. And finally, at the year-end, 14 Biltrite lumber and building material stores were acquired to strengthen and expand Beaver's position in Southern Ontario.

As part of our program to re-deploy assets invested in businesses or industries which, in our opinion, do not meet our size, rate of return, or potential growth criteria, several smaller businesses were sold during the year, including those engaged in household furniture manufacturing, rotary business forms and the sale and rental of scaffolding and shoring. In addition we disposed of a regional wholesale hardware distributor in London, Ontario, our U.S. based gasoline pump business, and our minority interest in a Mexican service station equipment company.

Steps were also taken to lower the investment base and improve operating performance of Willson Office Specialty by the consolidation and subsequent closing of a number of manufacturing and distribution facilities.

The actions taken during the year have moved us considerably

closer to our objective of participating in a few significant businesses with strong growth potential and have further increased our marketing and distribution orientation.

Employee relations
During the year, 58 of our 71 collective bargaining agreements were subject to negotiation. Of these, 56 were settled without work stoppage. Regrettably however, in the course of the bargaining process, our breweries in Winnipeg and Vancouver were closed by labour disputes which lasted most of the summer.

The international scope of Diversey's operations poses significant new employee relations challenges to us, not the least of which is the need to fully appreciate the differing cultural, regulatory and competitive influences that affect employees in various parts of the world.

Public affairs
Contributions by the Molson Companies Donations Fund to a wide variety of registered charitable organizations across Canada for the first time exceeded $1 million. While the largest amount went to health, welfare and character building services, significant donations were also made for educational programs and facilities, youth and recreation organizations and other projects designed to improve the understanding of young Canadians of our country's heritage, institutions and environment.

To help instill a greater understanding of Canada by young people, the Company sponsored, in conjunction with the Canadian Council of Christians and Jews, a major summer student exchange program for children of employees. More than 200 young people from 14 to 16 years of age were paired with students of similar interests in every part of Canada. The program was successful in all respects and there is every indication that an even greater number of employees' children will participate in a similar program this summer.

Directors and officers
At the last Annual Shareholders' meeting, Dr. Lloyd I. Barber, of Regina, and Mr. Jean Béliveau, of Montreal, were elected to the Board of Directors, to fill vacancies created by the retirements of Messrs. Roger Létourneau and Frank M. Covert.

Mr. W. P. Frankenhoff of New York, who has made an important and valued contribution to the company since joining the Board in 1968, has decided not to stand for re-election at the forthcoming Annual Meeting. At that time, Mr. R. C. McPherson, Chairman and Chief Executive Officer of the Dana Corporation, Toledo, Ohio, will be nominated as a Director to succeed Mr. Frankenhoff.

Lawrence R. Sinclair as Senior Vice President, Commercial Products and Services Group, assumed corporate level responsibility for the operations of Diversey. David Lakie, Senior Vice President, Corporate Relations who, for the past two years has been on leave of absence, resigned. Stuart L. Hartley joined the Company in April 1979, as Senior Vice President, Planning and Control.

Outlook
The just-completed year was, by any measure, the most successful of any in the Company's long history. The evident strength of our Brewing business, and the progress being made by our Retail Merchandising and Office and Education Products Groups, complemented by the world-wide potential of the Diversey organization, give us confidence that the years ahead will see continuing growth and prosperity for the Company. The coming fiscal year should be one of further sales and earnings increases, although at a less dramatic rate than in 1979.

On behalf of the Board:

D.G. Willmot,
Chairman of the Board

J.T. Black, President

May 28, 1979

Operating Review


MOLSON
BIÈRE
EXPORT
MOLSON
MOLSON
CANADIAN
Lager
BEER
MOLSON
EXPORT
ALE

Molson continues to outpace the highly competitive Canadian brewing industry, experiencing, in fiscal 1979, volume, market share and earnings improvements.

Brewing industry volume in Canada declined 2.6% during the year, largely as a result of the prolonged labour disputes last summer in British Columbia, Alberta and Manitoba. In contrast, Molson volume in Canada increased 3.5%, reflecting continued market share gains in all provinces except Newfoundland and the relatively less damaging effect on the company of the work stoppages in western Canada. Total Molson volume, including international sales, increased 7.2%.

Our U.S. importing subsidiary, Martlet Importing Co. Inc., continues to increase its penetration in present markets and to expand to additional markets. In the period under review, Martlet extended its sales into four western states — Arizona, Colorado, Nevada, and Washington — bringing to 22, the number of states in which Molson products are now available. In addition, we gained small but growing positions in a number of offshore markets.

Brewing Group sales revenues for fiscal 1979 increased 14.7% to $561 million from $489 million the previous year reflecting volume growth, and price increases in all provinces averaging 7%. Despite increased pressure on margins from continued inflation and higher marketing costs associated with new brand introductions, earnings for the year were satisfactory.

In response to changing consumer demands, early in the year *Molson Light*, a lower calorie beer, and *Brador*, a premium product, were introduced in Ontario and both have been well-received by consumers. Later in the year, *Molson Light* was introduced in Saskatchewan and *Brador* in British Columbia, New Brunswick and Prince Edward Island.

As in recent years, Hockey Night in Canada continued to be our major marketing vehicle across the country. In August, Molson took steps to reinforce its stake in the Canadian hockey scene, with the purchase of Le Club de Hockey Canadien. Subsequently, the company reached agreement for future advertising and promotional involvement with the prospective new National Hockey League franchises in Edmonton and Winnipeg.

Total capital spending in fiscal 1979 was $22.2 million. Capacity-related projects were completed in Lethbridge, Barrie, Toronto and Montreal. In Edmonton, completion of new office and employee facilities and other site preparations, signaled the start of a major five-year program involving all facets of brewing operations, designed to more than double the size of the brewery. Capital spending in the coming year is expected to be $38 million, reflecting the continuation of the Edmonton project and spending on programs to expand and upgrade the Montreal, Toronto and Regina breweries.

During the year H. Hollis Brace, formerly President, Molson's Western Breweries (1976) Limited was appointed Vice President, Marketing, Molson Breweries of Canada Limited and President of the International Division. Thomas M. Sterling, previously President, Molson Alberta Brewery Ltd. succeeded Mr. Brace, and T. Connell Broden, formerly Director of Production at the Toronto Brewery in turn, succeeded Mr. Sterling. Ronald I. McKenzie, formerly Controller, Molson's Brewery Quebec Limited, succeeded Gerald M. Winter who retired from his position as President, Molson Newfoundland Brewery Limited. Claude Harari was appointed Vice President Industrial Relations, Molson Breweries of Canada Limited.

We do not expect that the near term rate of industry volume growth will be significantly above the 1.5% level of the past five years. We are however convinced that our brewing organization has the products, the facilities and the people skills to outperform the industry in the years ahead. In addition, we foresee further growth of our sales in the U.S., and the likelihood of expansion in foreign markets other than the United States.

Brewing

For 193 years Molson has maintained a reputation for premium quality ale and beer. Molson's three major brands — Export, Canadian and Golden — are complemented by a variety of regional brands, brewed to suit varying tastes across Canada.

The performance of Beaver Lumber and its associated companies during the year was strong and continues to justify our confidence in the do-it-yourself home improvement market in Canada, and in Beaver's ability to remain a dominant factor in the market place.

Sales and revenues for the full year increased 10.4% over the previous year, to $294 million. Again this year, sales growth in Western Canada and particularly Alberta, was supported by a healthy economy. There was strong sales growth also in the Ontario and Quebec Home Centres, where the viability of the Home Centre concept has been proven and where Beaver's market penetration in recent years has increased substantially.

Earnings for the year were up significantly, despite continued pressure on gross margins, reflecting success in controlling expenses and improving productivity in virtually every area of the business. Major programs aimed at improved asset management, particularly in the areas of inventory turnover and receivables have resulted in a reduction in total investment to support the increased sales volume.

During the year, Home Centres were opened in Surrey, British Columbia and Charlesbourg, Quebec, bringing to 256, the number of stores Beaver currently operates or franchises from Quebec to British Columbia.

The initial results of the program to update and remerchandise existing retail locations have equalled or bettered our expectations, both in increased sales and improved store efficiencies. A further measure of the success of this program is that two Home Centre of the Year awards were won by Beaver's Thornhill, Ontario store at the 1979 National Home Centre/Home Improvement Exposition and Congress held in Chicago. One award was for excellence in specialty departments, interior and exterior design and innovative product displays, while the other was for promotional display fixtures. These awards, competed for by 64 international entrants testify to the quality and effectiveness of the consumer oriented merchandising techniques in the Thornhill store, which is currently the prototype for all large Beaver Home Centres.

Late in the year, Beaver completed the purchase of the lumber and building material business of Biltrite Cash & Carry Limited and affiliates from Headway Corporation of Thunder Bay, Ontario. The addition of Biltrite's 14 stores will significantly strengthen Beaver's market coverage in Southern Ontario.

Hobbs Hardware Limited, a regional wholesale hardware distributor located in London, Ontario was sold during the year.

Beaver entered the second year of its franchise program with seven franchise stores in place. Two additional franchise operations were opened during the year, six came into operation in April 1979 and five more are expected to commence operations in the coming summer. Others will be added as opportunities become available in markets we currently serve, and elsewhere.

Capital expenditures for fiscal 1979 were $5.2 million and included the opening of new Home Centres in Charlesbourg, Quebec and Surrey, British Columbia. A number of existing stores were also expanded or renovated. Spending in the coming year, will be $7.6 million with $3.5 million designated for new stores and the remainder for expansion, relocation or renovation of existing facilities.

Ronald F. Knowles, formerly Vice President Personnel, Beaver Lumber Company Limited, has been appointed Vice President Planning and Personnel and S. Peter Baker, formerly Controller, Commercial Products and Services Group became Vice President and Controller of Beaver.

We are pleased with the progress made by our Retail Merchandising Group during the past year in all areas of its activities. We are confident that Beaver now has the capacity to achieve sales and profitability growth rates in the years ahead which will exceed those of the Canadian retailing industry as a whole.

Retail Merchandising

From its modest beginnings in western Canada in 1906, Beaver has become the largest lumber, building materials and related hardgoods dealer in Canada, known by its customers for selection, service and competitive prices.

The market for specialty chemicals continues to grow at a rapid pace and we are pleased to report that Diversey's world-wide sales are currently growing at a rate in excess of the industry growth rate.

Diversey's sales during the ten month period of Molson ownership were $158 million and both sales and earnings were well ahead of the same period of the previous year. Diversey's current sales gains reflect volume growth and market share gains in most of the countries where Diversey markets its products. Sales growth was particularly strong in Europe, Australia, and South America with increases in each of those areas exceeding 20 per cent. The more modest eight per cent volume increase in North America reflects the maturity of the Canadian market and Diversey's historically low market share in the United States.

Diversey produces in its plants in 33 countries and sells, worldwide, over 1000 specialty chemical products and at least 50 items of related dispensing and control equipment for use primarily for cleaning and sanitation purposes. This wide product assortment requires a highly-trained and flexible sales force to meet the specific needs of each customer. To this end, Diversey has over 1,500 technical sales representatives around the world who analyse and service clients' needs, including customer staff training and follow-up quality control.

Diversey has considerable growth potential in the United States and a major strategic study is currently underway to examine these growth possibilities. There are opportunities as well for continued growth in new markets; in filling out already strong markets; and in the continuous development of new product and marketing services. To achieve the latter and to provide support for its field representatives, Diversey operates centralized research and development facilities in Canada and the United Kingdom. Over 100 chemists, bacteriologists and technicians use pooled product market information to provide coherent research in all fields from quality control to new product development.

Diversey's capital expenditures in the period owned in fiscal 1979 were $6.8 million and included expansion of the main plant in the United Kingdom and completion of a new distribution depot in Canada. Spending next year will be approximately $9.0 million, and will include new or expanded facilities in the United Kingdom, Germany and Spain.

During the period under review, Herbert W. Kochs, Chairman, and Floyd E. Horn, Vice President and Treasurer, retired after 55 years and 42 years of service respectively. Also, on April 1, 1979, E. George Hunt, President, withdrew from active management after 30 years of service. We are pleased however that he will continue to serve on the Diversey Management Committee, and in a consulting capacity with respect to certain major projects. Mr. Hunt was succeeded as President by John Perry, also a long time Diversey employee with broad international experience, who was previously Vice President Marketing and Regional Vice President North America. John J. Nicholson, formerly Assistant Secretary and Assistant Treasurer was appointed Vice President and Treasurer. John C. Pick, President of Diversey (Canada) Limited, assumed responsibility for North American Operations.

We are confident that Diversey, with its quality products, expanding market position and sound management, will continue to experience above-average sales and earnings growth in the world-wide specialty chemicals industry, and that it will make a significant contribution to the Company's earnings in the years ahead.

Specialty Chemicals

Diversey's worldwide organization provides a complete selection of cleaning and sanitizing products and related dispensing and control equipment to a variety of industries.


Diversey

Office Specialty
Moyer
OFFICE SPECIALTY
ONTARIO
NO.
NO.

Fiscal 1979 was a year of continuing constructive change for Willson Office Specialty Ltd., which serves office and education markets in Canada. While results were mixed, we are pleased with the progress that has been made in restructuring the business for a return to profitability and future growth.

Sales for the full year showed gratifying improvement, increasing 5.2% to $90.0 million. The supplies businesses experienced strong volume and market share growth across Canada as a result of new store openings, improved marketing techniques and a generally strong market. Sales of office supplies increased 18%. However, these increases were partly offset by the failure of the furniture businesses to obtain expected sales volume. Furniture sales were adversely affected by reduced office construction across Canada and an internal concentration on higher margin business.

Earnings remained significantly below expectations during fiscal 1979. However, the poor performance was, in part, a result of the high one-time costs associated with the restructuring process. On the positive side, some success was achieved in improving margins and cost effectiveness.

One result of the strategic analysis of the operations and markets of the office and education products businesses was the decision to concentrate on marketing and distribution, rather than on manufacturing. To this end, the rotary forms operation of Anthes Business Forms was sold in September 1978, and since the year end, an agreement-in-principle was reached to sell the office furniture manufacturing facility at Holland Landing, Ontario to an employee group.

As a result of initiatives taken during the year to improve operating efficiencies and reduce investment, we have consolidated or closed a number of Willson facilities. Included was the closing of the woodworking plant in Markham, Ontario, the elimination of five distribution centres, and the sale and lease back of showrooms in Edmonton and Calgary. In addition, an equipment and supplies warehouse in Montreal was sold and replaced by a smaller facility.

Significant steps were also taken to strengthen our position in the marketplace, including the opening of ten new Willson Office Supplies stores, bringing to 50 the number of Willson retail stores now operating from Montreal to Victoria.

A further positive step was the acquisition of Wheatley & Wilson Ltd., a major contract office supplies dealer in Montreal, which added significantly to the size and scope of our commercial office supplies contracting business.

Our educational supplies business was strengthened by the acquisition in April of this year, of an educational audio-visual distribution company in Toronto, which will complement our already expanding learning aids business. In addition, we opened our first Montreal area Teachers' Store, the eighth such store serving the teacher and concerned parent.

The process of rationalization, consolidation and restructuring has, of necessity, required numerous personnel changes at all levels of management. This process has now been virtually completed and a competent experienced management team is in place.

We expect that during the coming year Willson Office Specialty will experience a return to profitability having successfully weathered the worst of the restructuring process. Completion of the sale of those units which do not have a place in the long range strategic plan will allow management to concentrate more fully on the challenges and opportunities afforded by Willson's growing markets.

Office and Education Products

In the rapidly changing office and education environments, Willson's retail and commercial outlets and Moyer Teachers' Stores remain market leaders by providing a complete range of products and streamlined customer service.

Revenues and earnings of Seaway/Midwest continued below acceptable levels reflecting, among other things, continuing over-capacity in the Canadian public warehousing and distribution industry and the resulting aggressive competition. In addition, the continued increase in the costs of operating Seaway's 16 warehouses in eight Canadian cities put severe pressure on margins.

Efforts are continuing to consolidate warehousing space where possible, to make more effective use of our capacity and to continually improve the operating efficiencies of the business. These measures, combined with the identification of new services for our customers, will result in an improvement in Seaway/Midwest earnings in the coming year.

Distribution

Seaway/Midwest's distribution network provides the vital link between many of North America's largest manufacturers and their customers throughout Canada.

Financial Section

Consolidated statement of earnings

Sales and revenues for the fiscal year 1979 were $1.196 billion, a 25% increase over 1978. Earnings were $44.0 million or $3.20 per share compared to $30.9 million and $2.25 per share in 1978 (before extraordinary items). The return on average shareholders equity was 19.9% compared to 15.9% in 1978.

Equity in earnings of other companies of $1.2 million represents primarily our share of net income of Canada Malting Co. Limited (14% owned) and Diversey France S.A. (50% owned).

Depreciation increased from $18.2 million in 1978 to $20.8 million and includes the consolidation of Diversey expenditures for the first time, and the reduction resulting from business divestments during the year.

Total interest expense increased 68% to $18.0 million. Of the increase of $7.3 million over 1978, the largest part was attributable to funds borrowed to finance the purchase of Diversey and Le Club de Hockey Canadien. Although the prime lending rate increased from 8¾% at the beginning of the year to 12% by fiscal year end, our average level of short term borrowings peaked early in the year due to the seasonality of the brewing and retailing businesses. This had the effect of reducing the impact of the substantially higher costs of short term borrowing on our total year's financial results. Our long term debt carries a fixed rate of interest throughout its term and is therefore unaffected by interest rate fluctuations.

Currency fluctuations resulted in a net translation gain of $0.6 million compared to $1.1 million last year. The current year result arose from Molson's ownership of Diversey, Martlet Importing Co. Inc. and investments in the remaining international operations of the Bennett Pump Company. In addition to these translation gains, the profitability of our brewing business benefitted from the sale of ales and lagers to the USA from Canada which were invoiced in US dollars.

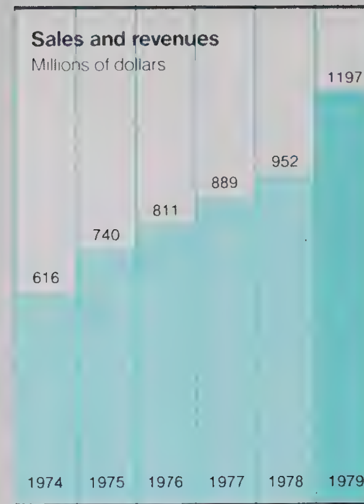
Molson's business operations outside of Canada will continue to grow and exchange gains or losses on translation could have a measurable impact on future year's net earnings.

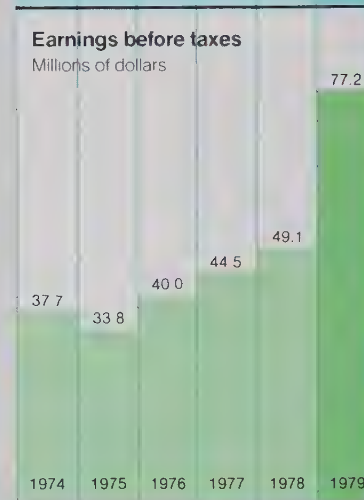
The Company's consolidated income tax rate increased from 36.5% in 1978 to 41.3%. Significant factors in this increase were the higher average foreign tax rates paid on Diversey profits and the non-deductibility, for tax purposes, of amortization of intangible assets of acquisition. The 3% federal inventory allowance amounted to $1.8 million in fiscal 1979 compared to $2.0 million in 1978.

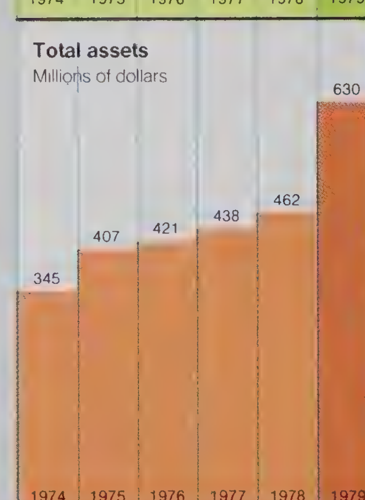
Balance sheet

During the 1979 fiscal year, the total assets of the Company increased by $167.7 million to $630.1 million, a 36% increase. This increase mainly related to the acquisition of Diversey and Le Club de Hockey Canadien.

Cash and short term investments







of $30.9 million include $18.5 million held for the reduction early in June 1979 of indebtedness incurred to acquire Diversey.

Investments of $23.9 million include our interest in Canada Malting, the principal supplier of malt to our brewing business. Also included is our interest in corporate joint ventures, the principal one being a 50% share of Diversey France acquired during fiscal year 1979. The remaining investments include notes receivable and preferred shares related to certain of the businesses divested during the year.

The year-to-year net change in land, buildings and equipment, less accumulated depreciation of $37.2 million, reflects the consolidation of Diversey for the first time and the reductions resulting from business divestments during the year.

The increase in intangible assets of acquisitions from $3.3 million to $49.0 million reflects the premium over net book value paid for both Diversey and Le Club de Hockey Canadien.

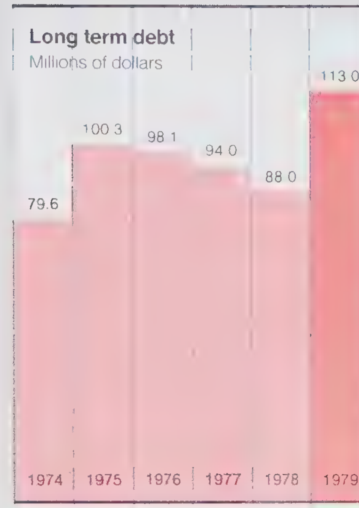
The increase in current liabilities of $95.9 million to $232.5 million reflects the growth of the business and the acquisition of Diversey and Le Club de Hockey Canadien. The current installments on long term debt of $21.5 million include $18.5 million related to the Diversey acquisition, to be repaid in June 1979.

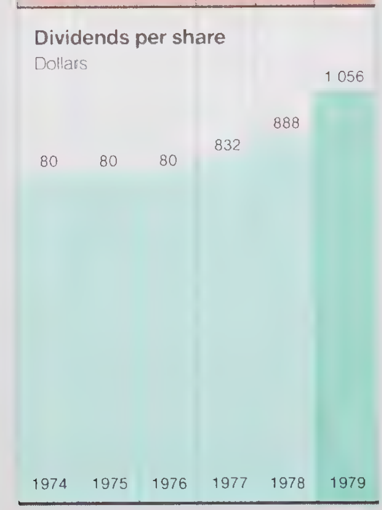
Long term debt increased by $25.0 million to $113.0 million, reflecting funds borrowed to finance the purchase of both Diversey and Le Club de Hockey Canadien, less the proceeds from divestments. At the end of our 1979 fiscal year, the ratio of long term debt to shareholders' equity was 32/68 compared to 30/70 in 1978.

At March 31, 1979 consolidated working capital (current assets less current liabilities) was $97.2 million, down from last year's $119.1 million. This reflects the cost of the two principal acquisitions made during the year, less proceeds from 1979 fiscal year divestments and additional working capital generated from operations.

Consolidated statement of changes in financial position

Funds generated by the operation of our businesses were $64.6 million, a 27% increase over 1978, while $72.2 million was raised principally from the sale of fixed assets, businesses, and from new long term debt, for a total of $136.8 million. The combination of dividend payments to shareholders and the purchase of fixed assets and investments was a use of funds of $62.8 million compared to $46.1 million last year, while the amount provided for the repayment of long-term debt was $32.2 million. The net cost of business acquisitions amounted to $63.6 million, bringing the total uses of funds to $158.7 million. This was $21.9 million more than the total source of funds, and resulted in a reduction in working capital from $119.1 million in 1978 to $97.2 million.





Segmented earnings and inflation accounting

The following supplemental information shows separately the earnings by business segment of those businesses which normally account for more than 10% of revenues. In addition, we have related these earnings to capital employed stated at net book values and at estimated replacement costs. The Summary of Segmented Financial Information does not form part of the financial statements and accordingly has not been audited.

No consensus has yet emerged from the various groups studying the effects of inflation on business results. Replacement cost information should therefore be used with caution, since the data is by nature subjective, and methods can and do vary from one company to another.

Earnings, in the attached schedule of page 19, have not been adjusted for inflationary effects, although it should be noted that the use of inflation accounting instead of historic values usually has a significant effect on income measurement, as well as on the Balance Sheet of a company.

The replacement cost data used in the Summary of Segmented Financial Information was developed on a basis consistent with prior years, and consisted either of applying an index to prior years data or using one of the following methods.

Land: Stated at historic costs as shown on the consolidated balance sheet.

Summary of segmented financial information
($millions)

Year ended March 31
Revenues
Operating income (before interest expense)
Provision for income taxes
Net operating income
Capital employed at net book values
Return on capital employed
Capital employed at estimated replacement costs
Return on capital employed

Buildings: Replacement costs were estimated using one of the following methods:

Unit cost method – Estimated current building cost per square foot for the size and type of building which would replace the existing facility.

Indexing method – National and provincial cost indices published by a leading business publication firm applied to detailed cost records.

Equipment: Replacement costs were estimated using one of the following methods:

Cost per unit of output – an engineering estimate based on production capacities of existing plants.

Direct pricing – Current prices of equipment manufacturers.

Accumulated depreciation: Calculated on the replacement costs of buildings and equipment at the same rates used in the consolidated balance sheet.

Working capital, investments and other assets: Stated at historic costs as shown on the consolidated balance sheet.

Consolidated		Brewing		Retail[2] Merchandising		Specialty[1] Chemicals		Other[2]	
1979	1978	**1979**	1978	**1979**	1978	**1979**	1978	**1979**	1978
$1,200.3	$953.2	**$578.9**	$490.4	**$294.7**	$266.7	**$158.7**	—	**$168.0**	$196.1
$ 95.6	$ 59.8	**$ 63.0**	$ 51.2	**$ 14.0**	$ 9.1	**$ 15.3**	—	**$ 3.3**	$ (0.5)
$ 39.5	$ 22.8	**$ 25.9**	$ 20.7	**$ 4.9**	$ 2.9	**$ 7.2**	—	**$ 1.5**	$ (0.8)
$ 56.1	$ 37.0	**$ 37.1**	$ 30.5	**$ 9.1**	$ 6.2	**$ 8.1**	—	**$ 1.8**	$ 0.3
$ 436.7	$354.7	**$193.5**	$163.1	**$111.8**	$110.2	**$ 95.3**	—	**$ 36.1**	$ 81.4
13.2%	10.4%	**19.1%**	18.7%	**8.1%**	5.6%	**10.2%**	—	**4.9%**	0.3%
$ 615.2	$514.6	**$355.9**	$299.5	**$121.8**	$121.4	**$ 96.3**	—	**$ 41.2**	$ 93.7
9.3%	7.2%	**10.4%**	10.2%	**7.4%**	5.1%	**10.1%**	—	**4.3%**	0.3%

Net operating income in the above summary is after allocating net corporate administrative expenses on the basis of net sales, income taxes at the rates applicable to the respective business segments, and is before amounts included in the reconciliation below. Capital employed used above consists of directly identifiable assets less current liabilities of each segment, exclusive of short-term borrowings and unallocated items, as reconciled below.

Reconciliation of net operating income	**1979**	1978
Net operating income, as above	**$ 56.1**	$ 37.0
Interest expense (net of income tax)	**(10.9)**	(5.8)
Minority interest	**(1.2)**	(0.3)
Net earnings per consolidated statement of earnings before extraordinary items	**$ 44.0**	$ 30.9

Reconciliation of capital employed	**1979**	1978
Capital employed at net book values, as above	**$436.7**	$354.7
Current liabilities	**232.6**	136.6
Short-term borrowings	**(24.0)**	(30.9)
Unallocated items	**(15.2)**	2.0
Total assets per consolidated balance sheet	**$630.1**	$462.4

(1) Specialy Chemicals (Diversey) data pertains to the ten months beginning June 1, 1978, and return on capital employed has been annualized.

(2) Includes income from operations divested during each year.

Consolidated Statement of Earnings ($000's)

The Molson Companies Limited

Year ended March 31	1979	1978
Revenues		
Sales and revenues	$1,196,859	$951,919
Investment income	2,251	510
Equity in earnings of other companies	1,218	791
	1,200,328	953,220
Costs and expenses		
Cost of sales, selling and administrative costs	912,597	724,966
Brewing excise and sales taxes	171,595	150,216
Depreciation	20,881	18,211
Interest on long-term debt	12,491	7,791
Other interest	5,517	2,920
	1,123,081	904,104
Earnings before income taxes	77,247	49,116
Income taxes	31,939	17,916
	45,308	31,200
Minority interest	1,232	256
Net earnings before extraordinary items	44,076	30,944
Extraordinary items	—	2,120
Net earnings for the year	$ 44,076	$ 33,064
Net earnings per share		
Before extraordinary items	$3.20	$2.25
After extraordinary items	3.20	2.41

Consolidated Statement of Retained Earnings ($000's)

The Molson Companies Limited

Year ended March 31	1979	1978
Balance – beginning of year	$155,961	$135,260
Net earnings for the year	44,076	33,064
	200,037	168,324
Dividends	14,535	12,363
Balance – end of year	$185,502	$155,961

(See Notes to Consolidated Financial Statements)

Consolidated Balance Sheet ($000's)

The Molson Companies Limited

As at March 31	1979	1978
ASSETS		
Current Assets		
Cash and short-term investments	$ 30,925	$ 5,185
Accounts receivable	116,172	83,555
Due from sale of businesses	1,195	19,367
Inventories	172,033	141,825
Prepaid expenses	9,486	5,767
	329,811	255,699
Investments	23,945	13,226
Fixed Assets		
Land, buildings and equipment	396,567	359,724
Accumulated depreciation	169,988	170,371
	226,579	189,353
Other Assets — less amortization		
Intangible assets of acquisitions	49,025	3,330
Debenture discount and expenses	742	838
	49,767	4,168
	$630,102	$462,446
LIABILITIES		
Current Liabilities		
Bank indebtedness	$ 34,554	$ 15,288
Notes payable	23,989	30,284
Accounts payable	120,137	72,885
Income taxes	11,643	2,696
Excise and sales taxes	13,179	9,504
Dividends payable	4,159	3,122
Current instalments on long-term debt	21,510	2,792
Deferred revenue	3,393	—
	232,564	136,571
Other Liabilities		
Long-term Debt	113,080	88,000
Minority Interest	6,816	3,606
Deferred Income Taxes	32,758	27,009
Deferred Income — less amortization	4,432	2,909
Deferred Liabilities	2,584	—
	159,670	121,524
SHAREHOLDERS' EQUITY		
Capital Stock	52,366	48,390
Retained Earnings	185,502	155,961
	237,868	204,351
	$630,102	$462,446

Signed on Behalf of the Board: Director [signature]

Director [signature]

(See Notes to Consolidated Financial Statements)

Consolidated Statement of Changes in Financial Position ($000's)

The Molson Companies Limited

Year ended March 31	1979	1978
Source of funds		
Net earnings before extraordinary items	$ 44,076	$ 30,944
Add (deduct) items not affecting working capital—		
Depreciation	20,881	18,211
Deferred income taxes	2,794	3,648
Amortization of intangible assets	1,308	89
Gain on sale of fixed assets	(4,241)	(2,430)
Equity in earnings of other companies (net of dividends received)	(745)	(526)
Other	578	276
Funds from operations	64,651	50,212
Proceeds from —		
Sale of fixed assets	7,007	4,540
Sale of investments	298	2,093
Sale of businesses (less working capital of $11,282; 1978 — $5,681)	14,014	16,085
Long-term borrowing	46,889	—
Issue of common stock	3,976	—
	136,835	72,930
Use of funds		
Dividends	14,535	12,363
Purchase of —		
Fixed assets	40,812	28,581
Investments	7,458	5,192
Business acquisitions (excluding working capital of $26,897; 1978 — $389)	63,657	2,537
Repayment and current portion of long-term debt	32,254	6,009
Extraordinary item — provision for estimated losses arising from planned disposal or discontinuance of businesses ($7,000 less items not affecting working capital)	—	1,886
	158,716	56,568
Working capital		
Increase (Decrease) in the year	(21,881)	16,362
At beginning of year	119,128	102,766
At end of year	$ 97,247	$119,128

(See Notes to Consolidated Financial Statements)

1. Accounting policies

Consolidation: The accounts of all subsidiaries are consolidated.

Foreign exchange: Earnings of foreign operations are translated at the average rate of exchange during the year. Current assets and current liabilities are translated at the rate at March 31 and other balance sheet accounts and related depreciation are translated at the rate on the date of acquisition. Net earnings in 1979 include translation gains of $587,000 ($1,142,000 in 1978).

Inventories: Inventories are valued at the lower of cost or net realizable value except for retail lumber inventories which are valued at the lower of cost or replacement cost. Cost is determined on a first-in, first-out basis.

Investments: Investments in effectively controlled companies are carried on the equity method. Other investments are carried on the cost basis.

Fixed assets: Fixed assets are carried at cost. Depreciation is provided from the date assets are put into service on the straight-line method over their estimated useful lives, primarily at annual rates of 2½% for buildings and from 7% to 10% for equipment.

Intangible assets of acquisitions: Intangible assets of acquisitions after April 1, 1974 are being amortized by charges to earnings on a straight-line basis over periods not exceeding forty years, except for $12 million of hockey franchises which are not amortized as the Company believes there has been no decrease in their value.

Income taxes: Deferred income taxes represent amounts deferred to future years due to the earlier deduction of certain expenses, principally depreciation, for tax purposes. Investment tax credits are reflected in earnings in the year they are claimed for tax purposes.

2. Business combinations

During the year, four businesses (two in 1978) were acquired for cash and have been included on the basis of purchase accounting.

($000's)	The Diversey Corporation (Effective June 1, 1978)	Club de Hockey Canadien Inc. (Effective July 1, 1978)	Wheatley & Wilson Ltd. (Effective Aug. 1, 1978)	Biltrite (Effective March 31, 1979)	1979	1978
Net tangible assets acquired	$28,071	—	$1,177	$5,770	$ 35,018	$2,926
Assigned to fixed assets	11,396	—	—	—	11,396	—
Intangible assets of acquisitions	26,880	*$20,052	—	—	46,932	—
Purchase price	$66,347	$20,052	$1,177	$5,770	$93,346	$2,926

*Includes $15,500 of hockey franchises and other contract rights.

3. Inventories ($000's)	1979	1978
Finished goods	$138,486	$112,653
Work in process	6,361	12,236
Raw materials and supplies	27,186	16,936
	$172,033	$141,825

4. Investments ($000's)	1979	1978
Mortgages and loans, at cost	$ 3,777	$ 1,754
Investments, at equity	8,630	4,279
Other investments, at cost	11,538	7,193
	$ 23,945	$ 13,226

5. Fixed assets ($000's)	1979	1978
Land	$ 25,575	$ 20,921
Buildings	146,442	126,372
Equipment	224,550	212,431
	396,567	359,724
Accumulated depreciation	169,988	170,371
	$226,579	$189,353

6. Long-term debt ($000's)

	1979 Current	1979 Total	1978 Current	1978 Total
Sinking Fund Debentures:				
8¼% maturing in 1991	—	$ 35,655	—	$36,249
8¼% maturing in 1995	$ 900	28,200	$ 900	29,100
6% maturing in 1982	—	1,696	—	1,710
5¼% convertible maturing in 1989	—	537	—	2,194
8¾% maturing in 1988	—	—	—	1,000
Notes Payable:				
9% repayable by 1989	1,536	16,897	1,536	18,433
5¾% repayable by 1985	200	1,400	200	1,600
Other(1)	89	2,015	—	—
Term loan maturing June 1981, currently bearing interest at 9 9/16% ($32,000 U.S.)	18,550	36,438	—	—
Loan bearing interest at prime bank rate plus ¼%	—	10,000	—	—
Sundry	235	1,752	156	506
	$21,510	$134,590	$2,792	$90,792
Current instalments		21,510		2,792
		$113,080		$88,000

(1) — Note payable in equal annual instalments from June 1980 to June 1983, with interest at 1¼% to 1½% over the prevailing London interbank rate, 14.4% at March 31, 1979 — £600,000;
— 8⅝% note payable in equal quarterly instalments from December 1978 to September 1988, secured by certain properties — 1,344,000 Deutchmarks.

Sinking fund requirements and principal payments during the next five years are: 1980—$21,510; 1981—$18,237; 1982—$20,192; 1983—$4,488; 1984—$4,172.

7. Capital stock

Authorized: Pursuant to supplementary letters patent dated October 4, 1978, the authorized share capital of the Company was altered, effective as of January 1, 1979, to:

30,000,000 Class "A" common shares without par value, and
14,000,000 Class "B" common shares without par value.

Also by virtue of such supplementary letters patent, effective as of January 1, 1979, the then authorized, issued and outstanding, Class "C" and Class "D" interconvertible common shares without par value were reclassified as, respectively, Class "B" and Class "A" common shares without par value.

The Class "A" shares are non-voting except, voting separately and as a class, the holders thereof are entitled to elect three members of the Board of Directors annually. The Class "B" shares are fully voting.

The Class "A" shares are entitled to non-cumulative preferential dividends aggregating 20¢ per share per annum. No further dividend can be paid until the Class "B" shares receive a dividend or dividends aggregating 20¢ per share per annum, and thereafter the Class "A" and Class "B" shares rank equally as to dividends.

Issued and Outstanding at March 31:	1979 Shares	1979 Amount	1978 Shares	1978 Amount
Class "A"	8,781,500	$43,184,000	8,322,000	$37,977,000
Class "B"	5,089,300	9,182,000	3,988,600	7,293,000
Class "C"	—	—	1,095,500	1,797,000
Class "D"	—	—	286,900	1,323,000
	13,870,800	$52,366,000	13,693,000	$48,390,000
Average number of shares outstanding	13,743,900		13,692,800	

During the year, the following shares were issued for cash:	1979 Shares	1979 Amount	1978 Shares	1978 Amount
Class "A"—Employee stock option purchases	94,700	$2,227,000	—	—
Class "B"—Employee stock option purchases	5,200	92,000	—	—

During the year, the following shares were converted between the classes:	1979 (1)	1978
Class "A" to Class "D"	64,000	117,900
Class "D" to Class "A"	71,800	132,400
Class "B" to Class "C"	556,400	748,200
Class "C" to Class "B"	586,900	89,500

(1) During the nine months ended December 31, 1978.

Stock options: At March 31, the following options to employees to purchase shares were outstanding:

	Expiry date	1979 Option price	1979 Shares	1978 Option price	1978 Shares
Class "A"	August 14, 1980	$19.375	1,950	$19.375	7,650
Class "B"	August 14, 1980	$17.50	1,950	$17.50	7,650
			3,900		15,300
Class "A"	November 27, 1983(2)	$23.75	80,500	—	—

(2) Granted during the year from 400,000 Class "A" shares reserved under employee stock option plan adopted by the Board of Directors on November 20, 1978.

Of the options outstanding at March 31, 1979, options covering 58,600 (1978 – 6,000) Class "A" shares and 1,100 (1978 – 6,000) Class "B" shares were held by officers, two (1978 – three) of whom were and are also directors, and a director who was and is a senior officer of a Company subsidiary, as a group.

At March 31, 1979, 312,400 (1978 – 11,400) Class "A" shares and 1,900 (1978 – 11,400) Class "B" shares remained reserved for this purpose.

Convertible debentures: Holders of the 5¼% debentures of a subsidiary may, on or before May 1, 1979, convert these debentures into Class "A" shares on the basis of 47 shares per $1,000 debenture. During the year, 77,900 (1978 - 900) Class "A" shares were issued upon the conversion of $1,657,000 (1978 – $19,000) aggregate principal amount of debentures. At March 31, 1979, 30,600 (1978 - 108,500) Class "A" shares remained reserved for this purpose.

Shareholders' Optional Stock Dividend Plan: During the year, the Board of Directors adopted the plan and reserved a total of 100,000 Class "A" shares for issuance thereunder as optional stock dividends in lieu of cash. The plan became effective with the dividend paid on April 1, 1979.

8. Additional information

Pension plans: The funding requirements for current service pension costs, based on actuarial determinations, are charged to earnings. Past service costs are being charged to earnings and funded over periods not exceeding 15 years. The unrecorded unfunded liability for past service pension costs amounted to $26,000,000 at March 31, 1979 (1978 – $27,000,000).

Commitments: Lease commitments, which expire within thirty years, require the following payments during the next five years:

1980–$18,100,000; 1981–$16,400,000; 1982–$15,100,000; 1983–$13,600,000; 1984–$12,800,000.

Properties leased include warehouses, retail stores and sports arenas.

Remuneration of Directors and Officers	1979	1978
Directors–number	16	16
–aggregate remuneration	$ 82,800	$ 73,000
Officers –number	19	21
–aggregate remuneration	$1,326,000	$1,338,000
Number of officers who are also directors	5	5

Classes of business: The following are the proportions of consolidated sales by class of business:

	1979	1978
Brewing	48%	51%
Retail merchandising	25	28
Specialty chemicals	13	–
Other businesses	14	21
	100%	100%

Anti-inflation legislation: Under the terms of the Anti-Inflation Act and Regulations the Canadian operations of the Company were subject to restraint of profit margins, prices and compensation until December 31, 1978, and restraint of dividends until October 13, 1978.

Income Taxes: Current income taxes for the year ended March 31, 1979 have been reduced by $1,852,000 ($2,050,000 in 1978) resulting from the 3% federal inventory allowance.

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of The Molson Companies Limited as at March 31, 1979 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at March 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

Chartered Accountants May 25, 1979

Dollars in millions except amounts per share	1979	1978
Operations		
Sales and revenues		
brewing	$ 561.5	$489.3
retail merchandising	294.3	266.7
specialty chemicals	158.0	—
other	183.0	195.9
Total sales and revenues	1,196.8	951.9
Depreciation	20.8	18.2
Earnings before income taxes	77.2	49.1
Income taxes	31.9	17.9
Net earnings		
Before extraordinary items	44.0	30.9
After extraordinary items	44.0	33.0
Cash flow	64.6	50.2
Financial		
Working capital	97.2	119.1
Working capital ratio	1.4:1	1.8:1
Net additions to fixed assets	33.8	24.2
Total assets	630.1	462.4
Long-term debt	113.0	88.0
Shareholders' equity	237.8	204.3
Per Share		
Net earnings		
Before extraordinary items	3.20	2.25
After extraordinary items	3.20	2.41
Cash flow	4.66	3.66
Dividends	1.056	.888
Shareholders' equity	$ 17.15	$14.92
Return on shareholders' equity (average)	19.9%	15.9%
Other		
Number of shares outstanding (thousands)	13,870	13,692
Number of shareholders	11,151	11,819
Number of employees	12,251	10,336

Operating and financial record

1977	1976	1975	1974	1973	1972	1971	1970	1969
$442.2	$408.1	$357.1	$296.2	$260.5	$232.1	$201.3	$192.7	$177.0
261.8	232.2	211.8	174.6	131.2	33.2	—	—	—
—	—	—	—	—	—	—	—	—
185.0	171.1	171.4	145.3	130.5	110.7	113.4	120.0	118.5
889.0	811.4	740.3	616.1	522.2	376.0	314.7	312.7	295.5
16.7	15.2	13.3	11.5	9.9	8.4	7.1	6.8	6.6
44.5	40.0	33.8	37.7	42.9	33.5	28.9	28.3	30.6
18.2	16.2	13.8	15.6	20.6	16.5	15.0	14.7	15.0
26.0	23.5	19.6	21.8	22.0	16.6	13.6	13.3	13.8
26.0	23.6	18.6	21.9	22.0	16.7	12.6	12.1	15.0
43.3	43.1	35.9	37.6	33.2	25.5	22.9	20.3	20.8
102.8	98.9	92.4	104.2	72.3	72.1	38.9	32.3	45.6
1.8:1	1.8:1	1.7:1	2.1:1	1.9:1	2.3:1	2.0:1	1.7:1	2.7:1
22.9	23.3	54.9*	21.3	22.5	36.8*	10.5	11.7	10.5
437.8	421.3	407.0	345.3	285.1	248.8	169.4	164.1	150.6
94.0	98.1	100.3	79.6	51.2	51.0	17.7	10.6	11.1
183.6	168.9	156.3	150.0	138.9	125.8	98.6	95.5	96.0
1.90	1.72	1.43	1.60	1.62	1.40	1.20	1.17	1.23
1.90	1.72	1.36	1.60	1.62	1.40	1.11	1.07	1.33
3.16	3.14	2.62	2.75	2.43	1.89	2.01	1.79	1.83
.832	.80	.80	.80	.80	.72	.72	.72	.72
$ 13.41	$ 12.34	$ 11.41	$ 10.98	$ 10.18	$ 9.29	$ 8.67	$ 8.41	$ 8.46
14.8%	14.5%	12.8%	15.1%	16.6%	14.8%	14.0%	13.9%	14.8%
13,692	13,692	13,690	13,667	13,637	13,530	11,374	11,362	11,346
12,457	13,199	13,656	14,134	13,988	15,016	13,700	13,166	13,252
10,758	10,965	11,211	10,928	10,455	9,210	6,674	7,360	7,500

*Includes net fixed assets of acquired businesses (1975 – $20,035,000; 1972 – $25,399,000).

Directors and Officers

Directors

*Hon. John B. Aird	Toronto	Partner, Aird & Berlis, Barristers and Solicitors
°W.R. Allen	Toronto	Barrister and Solicitor
Dr. L.I. Barber	Regina	President and Vice Chancellor, University of Regina
Jean Béliveau	Montreal	Senior Vice President, Corporate Affairs, Club de Hockey Canadien, Inc.
*J.T. Black	Toronto	President and Chief Executive Officer
*W.P. Frankenhoff	New York	Management Consultant
Donald Harvie	Calgary	Chairman, The Devonian Group, and Deputy Chairman, Petro-Canada
°T.E. Ladner	Vancouver	Partner, Ladner Downs, Barristers and Solicitors
*A.G. McCaughey	Toronto	Senior Vice President, Finance
°E.H. Molson	Montreal	Executive Vice President, Molson Breweries of Canada Limited
*Hon. H. deM. Molson	Montreal	Honorary Chairman of the Board
Charles Perrault	Montreal	President, Perconsult Ltd.
*Gérard Plourde	Montreal	Chairman of the Board and Chief Executive Officer, U A P Inc.
°J.D. Riley	Winnipeg	Director, United Canadian Shares Limited
°P.B. Stewart	Toronto	Executive Vice President
*D.G. Willmot	Toronto	Chairman of the Board

*Member of the Executive Committee
°Member of the Audit Committee

Honorary Directors

Frank M. Covert	Halifax
Roger Létourneau	Quebec
N.E. Whitmore	Regina

Officers

Hon. H. deM. Molson	Honorary Chairman of the Board
D.G. Willmot	Chairman of the Board
J.T. Black	President and Chief Executive Officer
P.B. Stewart	Executive Vice President
†S.L. Hartley	Senior Vice President, Planning and Control
A.G. McCaughey	Senior Vice President, Finance
A.L. Keyworth	Senior Vice President, Retail Merchandising Group
Morgan McCammon	Senior Vice President, Brewing Group
A.C. Plant	Senior Vice President, Office and Education Products Group
L.R. Sinclair	Senior Vice President, Commercial Products and Services Group
C.R. Cook	Vice President and Secretary
K.A.F. Gates	Vice President, General Counsel
W.J. Gluck	Vice President, Corporate Development
G.A. Jupp,	Vice President, Public Affairs
H.E.C. Stoneham	Vice President, Human Resources
B.F. Boardman	Controller
W.A. Harshaw	Treasurer
Shirley A. Hoffman	Assistant Secretary
Jacques Lagassé	Assistant Secretary
J.F. Osterman	Assistant Secretary

†Effective April 2, 1979

Corporate information

The Molson Companies Limited

Incorporated under the laws of Canada

Head office: 1555 Notre Dame Street East, Montreal, Quebec H2L 2R5
Executive office: 2 International Boulevard, Rexdale, Ontario M9W 1A2

Registrar

National Trust Company, Limited, Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver

Transfer Agent

The Royal Trust Company, Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver

Auditors

Coopers & Lybrand

Senior Operating Management as at April 1, 1979 unless otherwise noted

Brewing

Molson Breweries of Canada Limited
1555 Notre Dame Street East, Montreal, Quebec

Morgan McCammon, President
E.H. Molson, Executive Vice President
H.H. Brace, Vice President, Marketing
C. Harari, Vice President, Industrial Relations
K. Laursen, Vice President, Personnel
J.F. Osterman, Vice President, Controller
Z. Valyi, Vice President, Production

Molson Newfoundland Brewery Limited
St. John's, Newfoundland

R.I. McKenzie, President

Molson's Brewery Quebec Limited
Montreal, Quebec

D.V. Pleshoyano, President
J. Allard, Vice President, Marketing
P. Crépin, Vice President, Personnel
P. Falardeau, Vice President, Executive Assistant to the President
A.L. Jones, Vice President, Production

Molson's Brewery (Ontario) Limited
Toronto and Barrie, Ontario

J.P. Rogers, President
D.A. Barbour, Vice President, Marketing
G.S. Burkett, Vice President, Personnel
D.B. Macaskill, Vice President, Administration and Secretary
F.C. Mann, Vice President, Operations

Molson's Western Breweries (1976) Limited
Calgary, Alberta

T.M. Sterling, President
W.J. Bradley, Vice President, Production
G.R. Hallamore, Vice President and Secretary
D.H. Henderson, Vice President, Marketing
D.B. Muir, Vice President, Controller
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